

F01 Corporation Income Tax Guide (2011



**Government of
Antigua and Barbuda
Inland Revenue Department**

F01 CORPORATION INCOME TAX GUIDE (2011)

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Before You Start

1. Who has to file a F01 return?

Resident corporations

All corporations, non-profit organizations, co-operations and all those companies that are tax-exempt have to file a F01 return for every taxation year, even if there is no tax payable. The only exception of this rule is for companies that have declared an inactivity period for the whole taxation year.

Those companies that have declared an inactivity period throughout the taxable year have to file a F01 return for the portion of the taxation year during which they were active.

Non-resident corporations

A non-resident company may be subject to corporation income tax and must file a return if, at any time in the year: one of the following situations applies:

- it carried on business in Antigua and Barbuda;
- it had gains or profits from any trade, business, profession, vocation or calling;
- it granted any employment allowance in money or otherwise;
- it is subject to tax under section 22, subsection 2 and 3;

2. In what format can you file your return?

You can use only ONE format to file a corporation income tax return. Therefore, there is personalised pre-printed return generated by Inland Revenue Department for the taxable year. The F01 return form can also be printed from the government website and you can fill in the tax account #, the Tax period, the assessment period date and the complete name and address of your company.

The F01 Corporation Income Tax Return has 1 page which is developed from schedules and appendices which must be attached to it.

3. When do you have to file your return?

Be sure to file your return within 3 months of the end of each taxation year. The taxation year of a corporation is its fiscal period.

When the corporation's taxation year ends on the last day of a month, file the return by the **last** day of the third month after the end of the taxation year.

When the last day of the taxation year is not the last day of a month, make sure to file the return by the **same day minus one day** of the third month after the end of the taxation year.

Examples

Taxation year-end

Filing deadline

December	31	March	31
June	30	September	30
November	30	February	28
October	23	January	22

When the F01 filing deadline falls on a Saturday, Sunday, or statutory holiday, we will consider the return filed on time if you deliver or mail it on the first working day after the filing deadline.

If you hand deliver the return to the Inland Revenue Department, we will date-stamp it and consider it filed on that day.

If you either mail the return or use an equivalent delivery service, we consider the date of the postmark when determining if the return was filed on time.

Penalties do apply if you file the return late. See item 6 for details.

4. Where do you have to file your return?

You file your return to the Inland Revenue Department. The Inland Revenue Department is situated at:

Newgate Street,
St. John's
Antigua.

5. When do corporations pay income tax?

Corporations should pay income tax in monthly instalments based on the amount of taxes assessed the previous year.

The balance of tax the corporation owes for a taxation year is due within **three** months of the end of that taxation year.

Interest and Penalties apply to late payment. To be on time, you have to make instalment payments on or before the due date either by mailing a cheque payable to the Commissioner of Inland Revenue., or by paying directly to the cashier in the Inland Revenue Department.

If you do not have a personalised remittance form, call the Inland Revenue Department at 462-4142/3 or 562-0410/2

Keep in mind that we consider the payment to have been made on the day we receive it, and not on the day you mail it.

Instalment payments are due on the last day of every complete month of a corporation's taxation year. The first payment is due one month minus a day from the starting date of the corporation's taxation year. The rest of the payments are due on the same day of each month that follows.

The balance of tax payable is due **three** months after the end of the taxation year.

6. Penalties

If you file your return late, a penalty of \$500.00 or 5% of the tax due (whichever is greater) applies.

If you need an extension for filing a return because of extraordinary circumstances, send us a letter explaining why it was impossible for you to file the return or make the payment on time.

A corporation can also be charged penalties for late or incomplete payments. The penalty is 20% of the unpaid tax, plus 1% for each complete month that the balance remains outstanding.

7. What happens once you have filed your return?

After we receive your return, we give it to a Data Entry Clerk for capturing and further processing.

When we assess the return, we mail the corporation a Notice of Assessment and, if necessary, with an explanation of any changes we made to the return.

As soon as you receive the Notice of Assessment, compare it to your copy of the corporation's return. Contact the Inland Revenue Department if you need us to clarify or explain any part of the assessment.

If you would like us to release details about F01 return to an independent representative, such as an accountant, send us a signed letter of authorisation specifying the taxation year and the person or people authorised to receive the information. To cancel a previously given authorisation, notify us in writing immediately. You have to submit a separate authorisation each time you give or cancel a third party authorisation. In the letter you can ask that this authorisation not only apply to prior taxation years, but also to the year after the one for which the letter is dated.

8. When can we reassess your return?

Within a six-year period, we can reassess your return or make additional assessments of tax, interest, or penalties.

Reassessment period

We can usually reassess a return for a taxation year within 6 (six) years of the expiration of the taxation year. . *See section 57, of the Income Tax Act.*

9. What should you do if you disagree?

You can make a formal objection within thirty days if you disagree with the amount of tax, interest, or penalties we have assessed or reassessed; stating the basis for the objection. *See section 56, subsections 1, 2, 3 and 4 and also section 59 of the Income Tax Act. If making objections under any other sections please state the relevant section of the Income Tax Act.*

10. Books and records

You have to keep the enterprise's books and records in case we need to verify the income or loss you reported on the return.

Keep these documents, including related accounts and vouchers, for at least 6 (six) years from the end of the last taxation year to which they relate.

Keep all receipts and documents that you do not have to file with the return in an orderly manner, in case we need to see them to support a claim, or in case we select the return for further review or audit.

All books and accounts must be kept in the English language.

Part 1: Taxpayer Identification – page 1 of the F01 return

11. Identification

Ensure that the tax account number, the tax period, the assessment period date and the complete name and address of your company is correct if this form is generated by the IRD for your company. If the form is printed from the IRD website make sure to be accurate with the information in these slots.

Be sure to validate Part 1 of your return, so we can properly identify the enterprise and keep up-to-date information in the system about the enterprise to enable us to process the return more quickly.

If most of the information is not correct or recently has been modified it is important that you notify us as soon as possible of any changes in the name of the enterprise, head office address, mailing address.

Part 2: Income Declaration – F01 return

Line 1

On line 001, enter the amount of the chargeable income that applies after schedule (A) has been completed.

An enterprise may not always have chargeable income to report on line 1. Instead, it may have incurred a loss. If the amount is a loss, transfer it to line 10 and remember to show it in brackets on line 1 and line 10.

Line 5

On line 005, enter the amount of any losses to be utilized in the current year after completing schedule (D).

Line 10

On line 10, enter the net chargeable income or loss for income tax purposes. This amount is the result of line 1 minus line 5.

If the amount is a loss, remember to show it in brackets.

Line 15

On line 15, enter the applicable tax rate on net chargeable income applicable to your company according to section 32 of the Income tax Act cap 212.

Line 20

On line 20, enter the tax to pay on net chargeable income. To calculate this amount multiply line 10 times line 15. If the enterprise has incurred a loss instead of a net income and the amount on line 10 is negative, enter zero on line 20.

Line 25

On line 25, enter the relief that your company is credited under any double taxation agreements other than CARICOM only if the tax amount on net chargeable income is positive (line 20).

Line 30

This represents any overpayments you made in previous years that would be credited to the current year's tax liability.

Line 35 and Line 40

On line 35, report all advance tax payments you made for the tax year. On line 40, report the instalment payments you made for the taxation year. Keep in mind that if there is a discrepancy between the amount reported on the return and the amount in the instalment or advance tax account, we will use the amount in your instalment and advance tax account for the taxation year being assessed when we process the return.

Line 45

On line 45, enter the outstanding tax to pay. To determine this amount, subtract lines 25, 30, 35 and 40 from line 20.

If the amount on line 45 is negative, it means that you are entitled to a credit. This overpayment will be first applied against other tax liabilities (such as an expected debit from a reassessment) or it will be transferred to the next taxation year.

Line 50

A corporation may have made payment to Non-Residents. In such a case, a withholding tax needs to be paid as specified by Section 39 and 40 of the Act. Use Appendix B2 to calculate the amount of withholding tax and enter this amount on line 50.

Line 55

If the filing of the tax return declaration is done after the due date, then you may pay the late filing fee. In such a case, enter the amount on this line.

Line 60

On line 60, enter the amount of tax payable. This is line 45 plus line 50 plus line 55.

Line 65

On line 65, enter the amount of tax paid on filing. Prepare the cheque made payable to the Commissioner of Inland Revenue, and attach it to the return.

Line 70

This would represent any balance owing or credit to be carried forward for the next year after subtracting line 65 from line 60.

SCHEDULE (A) and (A2)

Schedule (A2) applies to Insurance companies only. All other companies are to use schedule (A).

Line 100

Complete line 100 **only if you are an insurance company**. Using **Appendix 1**, transfer the amount in line 510 to line 100 on Schedule A2, otherwise transfer the amount in line 560 to line 100 on Schedule A2.

Line 125

Complete line 125 **only if you are an insurance company**. Using **Appendix 1** calculate the deductions your company is entitled to as an insurance company. Transfer the amount in line 580 to Schedule A2 line 125 if you are only a Life Insurance Company. Otherwise transfer the amount in line 600 to line 125 Schedule A2.

Line 150

Complete line 150 **only if you are an insurance company**. This amount will be line 100 minus 125 which would represent the net income of an insurance company for tax purposes.

Line 200

On line 200, enter the net income before taxation as per financial statements. If the enterprise has incurred a loss instead of a net profit remember to show this amount in brackets.

Line 220

This line represents all expenses in the financial statements that are not allowed for tax purposes according to the Income Tax Act Cap 212.

Line 330

This line represents all types of income exempted from tax and other allowances granted by the Income Tax Act Cap 212.

Line 340

This line represents the reconciliation of net profit in the financial statements to chargeable income after applying adjustments according to tax laws. If the amount is negative be sure to put it in brackets. This amount must now be transferred to line (1) on the F01.

SCHEDULE B

Schedule B refers to information that is required under item 2 of the Income tax (Amendment) rules which **must** be submitted with the return. This information refers to payments made to shareholders and directors, shareholders and directors' relatives, interest and rent and payments made to persons or companies not resident in Antigua and Barbuda.

Certification

First section - Complete the first section by giving the required information in the appropriate spaces. Be sure that the person who signs and dates the return is an authorised officer of the corporation.

Second section 6 If the person that completed the declaration is representing the corporation, then fill in this section by giving the required information in the appropriate spaces. This representative either legal (in case of an accounting firm) or non-legal entity will

be considered as a contact person and will be responsible for answering queries related to this return.

Attachments

The following section describes the various schedules and documents you have to attach to your return and appendices to complete.

- **SCHEDULE A OR**
- **SCHEDULE A2 IF YOU ARE AN INSURANCE COMPANY** and Appendix 1
- **SCHEDULE B** and Appendix B2
- **SCHEDULE C1** and C2 if necessary
- Schedule D if necessary

Financial Statements

Each corporation should include complete audited financial statement information for the taxation year of the return. This includes:

- Balance Sheet Information;
- Income Statement Information;
- Cash Flow Statement;
- Any notes to the financial statement and the accountant's report.

When preparing the first return for a new corporation, make sure to attach all of the following documents:

- Opening Balance Sheet Information;
- copies of all relevant agreement or the full details on shares;
- The closing balance sheet of the corporation if the new corporation acquired the assets or business, or assumed the liabilities of a former proprietorship, partnership, or corporation.

If the corporation has been inactive during the taxation year and has received a return to fill in, send in the return with a letter stating the reason for and duration of inactivity period.

Appendices

Appendix 1 6 Work Sheet for Insurance Company

Appendix B2 6 Work Sheet for computing Withholding Tax.

Appendix 1: Work Sheet for Insurance Company

If your enterprise is life and/or non-life insurance company, you have to use Appendix 1, to complete Schedule A2 before you complete the F01.

Line 500

On line 500, enter the amount of income from interest and investment income for the taxation year. Any form of investment income of the company as a whole should be allocated to the Antigua branch using the following formula:
Premium written of the Antigua branch divided by total (consolidated) premiums written of the company.

Line 505

On line 505, enter the amount of all other income from investment not included on line 500.

Line 510

On line 510, enter the amount of the total income from investment. To calculate this amount, add the amount of line 500 to the amount of line 505.

Line 515

On line 515, enter the amount of the gross premiums received or receivable in Antigua and Barbuda.

Line 520

On line 520, enter the amount of any premiums paid or re-insurances.

Line 525

On line 525, enter the amount of any premiums returned to the insured.

Line 530

On line 530, enter the amount of all deductions from the gross premiums. To calculate this amount, add the amount on line 520 to the amount on line 525.

Line 535

On line 535, enter the amount of the net premiums written. To determine this amount, subtract the amount on line 530 from the amount on line 515.

Line 540

On line 540, enter the amount of the reserve for unexpired risks at the percentage adopted by the company in relation to its operations as a whole for such as risks at the end of the year preceding the year of assessment.

Line 545

On line 545, enter the amount of the reserve for unexpired risks outstanding at the beginning of the year preceding the year of assessment.

Line 550

On line 550, enter the amount of commissions received on re-insurance ceded.

Line 555

On line 555, enter the income from other various sources. To determine this amount, subtract the amount on line 540 from the amount on line 545 and then add to the balance the amount on line 550.

Line 560

On line 560, enter the total income of your insurance company during the taxation year. To calculate this amount, add the amount on lines 510 and 535 to the amount on line 555.

Transfer the result on line 560 to line 100 in your return.

General deductions from Income for any insurance company.**Line 570**

On line 570, enter the amount of the expenses related to your corporation in Antigua and Barbuda and a fair proportion of the expenses of the head office of the company. Attach schedule of allocations.

The allocation of head office expenses should be calculated using the following formula:

Premium written of the Antigua branch divided by total (consolidated) premiums written of the company.

Line 575

Enter on line 575 the amount of all commissions paid on premiums written.

Line 580

On line 580, enter the total general deductions allowed for your insurance company during the taxation year. To calculate this amount, add the amount on line 570 to the amount on line 575.

If you are ONLY a LIFE insurance company, transfer the amount on line 580 to line 125 in Schedule A2.

Specific deductions from Income**Line 585**

Report the gross claims paid for Non Life business on this line. Do not fill in this line if you are exclusively a life insurance company.

Line 590

Enter on line 590 the amount of the recoveries from reinsurances for Non Life business. Do not fill this line if you are exclusively a life insurance company.

Line 595

Enter the net amount of paid claims for Non Life business. To determine this amount, subtract line 590 from line 585. Do not fill this line if you are exclusively a life insurance company.

Line 600

On line 600, enter the total deductions allowed for an insurance company. To determine this, add the amount on line 580 to line 595.

Transfer the result on line 600 to line 125 in Schedule A2.

Appendix B2: Worksheet for Withholding Tax (Payment to non-residents)

If your enterprise is paying monies to non-resident, you have to use Appendix B2, to complete some of the lines in your return.

1.1 Payment to Non-Resident (under Section 39 of the Act)

Line 700

On line 700, enter the amount paid to companies CARICOMø members

Line 705

Withholding Tax Rate for amount paid to companies CARICOMø members (15%)

Line 710

On line 710, enter the amount of Tax to Pay (line 700 times line 705)

Line 715

On line 715, enter the amount paid to companies Non-CARICOMø members

Line 720

Withholding Tax Rate for amount paid to companies Non-CARICOMø members (25%)

Line 725

On line 725, enter the amount of Tax to Pay (line 715 times line 720)

Line 730

On line 730, enter the amount paid to individuals Non-CARICOMø members

Line 735

Withholding Tax Rate for amount paid to individuals Non-CARICOMø members (20%)

Line 740

On line 740, enter the amount of Tax to Pay (line 730 times line 735)

Line 745

On line 745, enter the Total amount of Tax to Pay (line 710 + line 730 + line 740)

1.2 Payment to Non-Resident (under Section 40 of the Act)

Line 750

On line 750, enter the amount paid to individuals CARICOMø members

Line 755

Withholding Tax Rate for amount paid to individuals CARICOMø members (15%)

Line 760

On line 760, enter the amount of Tax to Pay (line 750 times line 755)

Line 765

On line 765, enter the amount paid to companies Non-CARICOMø members

Line 770

Withholding Tax Rate for amount paid to companies Non-CARICOMø members (25%)

Line 775

On line 775, enter the amount of Tax to Pay (line 765 times line 770)

Line 780

On line 780, enter the amount paid to individuals Non-CARICOMø members

Line 785

Withholding Tax Rate for amount paid to individuals Non-CARICOMø members (25%)

Line 790

On line 790, enter the amount of Tax to Pay (line 780 times line 785)

Line 795

On line 795, enter the Total Tax to Pay (line 760 + line 775 + line 790)

1.3 Total Amount of Tax to Pay (under Section 39 and 40 of the Act)

Line 800

On line 800, enter the Total Amount of Tax to Pay (line 745 + line 795)

Do you need more information?

This guide explains the process in completing the F01 return form. Should you need more help after you read this guide please contact:

Inland Revenue Department
Newgate Street,
St. Johnø
Antigua
Tel: 462-4142/3, 462-0396, 462-1357, 565-5605/6 or 562-4877
Fax: 462-3175
E-mail: revenue@antigua.gov.ag